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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
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November 9, 1994

COMPTROLLER'S MEMORANDUM NO. 1994-33

TO: Heads of Departments
ATTN.: Payroll/Personnel Offices
FROM: Robert P. Takushi, Comptroller
SUBJECT: Lump-Sum Vacation Payment Prior to
January 1, 1995 for Administration-Change
Employees Terminating December 5, 1994

In anticipation of some "administration-change" employees' desire for lump-sum vacation payment by the end of this calendar year, and in recognition of the constraints of the time elements in the remaining payroll cycles, this memorandum is to provide information on the extent to which such payments can be processed.

In cases in which the employee terminates on December 5, 1994, payment of lump-sum vacation will be feasible only under the exceptional procedure described in this memorandum, and only to the extent that workloads are manageable. It is therefore important for departments to understand that, if all transactions cannot be completed in calendar 1994, the transactions must be completed in calendar 1995.

The following exceptional procedure is applicable only to transactions referred to in the subject of this memorandum:

- (1) Departments must list all submissions that relate to lump-sum vacation payment in calendar 1994; therefore, a list must accompany any submission under (4) below, as well as any submission that bypasses the "preliminary pre-audit" described in (4) below. All submissions, covered by the department's list, must be submitted to this office (Room 412, Kalanimoku Building) for setting of the priority to be followed by Central Payroll.

- (2) For employees terminating December 5, a firm decision must be made currently if lump-sum vacation payment is desired in calendar 1994, so that staff processing related transactions will know whether this exceptional procedure must be used. Once our Central Payroll office has included a submission in the exceptional procedure, no change in the processing can be made.
- (3) Employing departments must be prepared to give immediate priority to the correction of errors on Form 7 and Form G-2 if such errors are identified in Central Payroll's pre-audit of the submission. Central Payroll will immediately return in the normal manner any submission with errors, for resolution and correction by the employing department.
- (4) To save time in December, Central Payroll will perform a preliminary pre-audit of Form 7 for the 4 years prior to 1994 for the employees who decide they want lump-sum vacation payment in calendar 1994. The employing department must submit Form 7 for 1993, 1992, 1991, and 1990 to Central Payroll, and Central Payroll will complete the pre-audit on the conditions -
 - that a preliminary Form G-2 without any signatures covers the Form 7. (Later, in December, the original copy of this preliminary "audited" Form G-2 must be submitted along with the "final" Form G-2 and the 1994 Form 7 for final pre-audit.)
 - that the submissions are received in Central Payroll no later than November 15 (for return to the employing departments no later than December 5).
- (5) For any kind of error that is found after payment of lump-sum vacation under this exceptional procedure, correction must await completion of year-end processes, including payroll balancing for calendar 1994, issuance of Form W-2 for calendar 1994, and payroll tax reporting to the tax jurisdictions for calendar 1994. These peak workload tasks are usually completed by mid-February.

We must emphasize that this exceptional procedure does not guarantee that all transactions can be successfully completed in calendar 1994, since the level of the workload is

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unknown. We recognize, too, that this special effort at this particular time of the year is going to severely burden employing departments' payroll/personnel staffs as well as our own Central Payroll staff. We are prepared through overtime and other available means to complete work on all submissions if we possibly can; our mutual efforts on that level will be necessary for the successful operation of the procedure.

A handwritten signature in black ink, appearing to read 'R. Takushi'.

ROBERT P. TAKUSHI
Comptroller